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James S. Keller
Chief Regulatory Counsel

February 10, 2009

Jennifer J. Johnson
Secretary
Board of Governors of the
Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

Re: Proposed Rule; Request for Comment regarding Proposed Amendments to
Regulation Z; Docket No. R-1340; 73 Fed. Reg. 74989 (December 10, 2008)

Dear Ms. Johnson:

The PNC Financial Services Group, Inc. ("PNC"), Pittsburgh, Pennsylvania, and its principal subsidiary banks, PNC Bank, National Association ("PNC Bank"), Pittsburgh, Pennsylvania, and National City Bank, Cleveland, Ohio, appreciate the opportunity to comment on the proposed amendments to Regulation Z ("Proposal") issued by the Board of Governors of the Federal Reserve System ("Board").

PNC is one of the largest diversified financial services companies in the United States, with \$291 billion in assets as of December 31, 2008. PNC engages in retail banking, mortgage financing and servicing, consumer finance, institutional banking, asset management and global fund processing services. Its principal subsidiary bank, PNC Bank, has branches in the District of Columbia, Florida, Indiana, Kentucky, Maryland, New Jersey, Ohio, Pennsylvania and Virginia. National City Bank has branches in Florida, Illinois, Indiana, Kentucky, Michigan, Missouri, Ohio, Pennsylvania and Wisconsin. In addition, PNC has a bank in Delaware, PNC Bank, Delaware, Wilmington, Delaware.

I. General Comment

PNC appreciates the Board's efforts to create consistency between the recent Mortgage Disclosure Act ("MDIA") amendments to the Truth in Lending Act ("TILA") and Regulation Z, and we are pleased to have the opportunity to submit a comment letter. We also hope to be of assistance in the Board's assessment of open-end credit disclosure requirements.

II. Specific Comments

A. Bona Fide Personal Emergency (Section 226.19(a)(3))

The MDIA amended the TILA to require that creditors deliver or mail early disclosures for dwelling secured closed-end loans no later than three days after receiving a consumer's application, and at least seven days prior to consummation of the loan transaction. Under the MDIA, to expedite consummation of a mortgage transaction, a consumer may modify or waive the timing requirements for the early disclosures when the consumer determines that the credit extension is needed to meet a *bona fide* personal financial emergency. To implement this provision, proposed section 226.19(a)(3) would permit the consumer to shorten the waiting period by giving the creditor a dated written statement describing the emergency and specifically modifying or waiving the waiting period(s). All consumers entitled to receive the disclosures would have to sign the statement.

Proposed comment 19(a)(3)-1 explains that whether a *bona fide* personal financial emergency exists would be determined by the facts surrounding individual circumstances. The imminent sale of the consumer's home at foreclosure during the three-business day waiting period is provided as an example.

The Board solicits comment on whether, under proposed section 226.19(a)(3), modification or waiver should be permitted only if the consumer's bona fide personal emergency must be met before the end of the required waiting period.

We strongly believe that a waiver should be permitted even if the *bona fide* personal emergency does not actually need to be met prior to the end of the waiting period. We foresee many situations in which a consumer's interests would be better served by permitting consummation of the transaction prior to the end of the waiting period, as discussed below.

The Board also requests comment on whether there are circumstances, other than pending foreclosure, where the consumer may want to consummate the transaction before the end of the waiting period.

PNC believes that a waiver should be permitted in cases where the consumer could benefit substantially by avoiding additional delay, even if the additional delay may be technically permissible. For example, if a consumer is refinancing an existing obligation, additional costs may be incurred as a result of a delay in paying off the existing debts (additional interest, late charges, fees, etc.). There will be many cases where a consumer needs loan proceeds to pay expenses such as real estate taxes or college tuition and where an early-payment discount may be lost if that obligation is not paid by a certain date. We can also envision cases where a consumer needs the proceeds quickly to make property

repairs that may prevent additional property damage and expenses if not done immediately (i.e., damaged roofs after a major storm), where contractors will not begin work until after receipt of an initial payment.

We ask that the Board consider including a better-defined explanation of what constitutes a *bona fide* personal emergency, so that creditors can review waiver requests from a consistent perspective. Further, we request that the Board establish standards for creditors to use in evaluating a request for a waiver. For example, is third party documentation required, or will the statement of the consumer be sufficient? In addition to giving consumers meaningful disclosures and adequate time to thoughtfully consider the terms of a loan, we also need to be flexible in assisting consumers in need, and it would be helpful to consumers if all creditors had a similar approach.

We also request the Board to consider the idea of not requiring the consumer to submit an additional signed waiver form for the 3-day rescission period required under section 226.23 for certain home-secured loans if that consumer has already waived the 7-day waiting period now be required under section 226.19(a)(1)(i). It seems counterproductive for both creditors and consumers that a consumer would again have to submit a handwritten, signed request to waive the rescission period if the waiting period was previously waived.

Finally, we request that the Board consider another concern: the amendments to the TILA, mandated by the MDIA, provide that the consumer may determine that a *bona fide* personal financial emergency exists that permits waiver of the waiting period. This is similar to the present provisions of Regulation Z regarding rescission waivers in section 226.23. We believe that, unless an affirmative safe harbor is provided, creditors may become subject to liability at a later date for claims when there was no actual emergency, and that the creditor improperly granted the waiver. It would be helpful to creditors if the Board could affirmatively create a safe harbor for creditors who grant a consumer's request to waive the waiting period if that consumer submits a handwritten request signed by all the borrowers who will be obligated on the obligation.

B. Timing of Disclosures for Home Equity Lines of Credit

The early disclosure changes apply only to closed-end loans secured by a consumer's dwelling and do not affect the disclosure requirements for open-end credit plans secured by a dwelling (home equity lines of credit or "HELOCs"). The Board is currently reviewing the content and format of HELOC disclosures and subjecting them to consumer testing.

The Board seeks comment on whether transaction-specific disclosures (such as APR, an itemization of fees, and potential payment amounts) should be required after application but significantly earlier than account opening, at least in some

circumstances. As an example, the Board states that many consumers take a major draw on the account as soon as they open it and, in relation to such transactions, solicits comment on whether a requirement to disclose final HELOC terms three days before account opening would substantially benefit consumers who plan to draw immediately.

PNC strongly believes that such a requirement would not be helpful to consumers who already receive extensive information at the time of loan application.

Under current rules, creditors must provide non-transaction specific disclosures at the time of application and again at consummation. The disclosures must include numerous items of information, including payment examples that include the length of the draw and repayment periods and an itemization of fees required to open and maintain the account payable either to third parties or to the creditor. The representative payment examples give the potential borrower a great deal of information and a reasonable idea of potential payment amounts. It is hard to understand how additional disclosures would be meaningful to the consumer.

Further, it is not easy for a creditor to know, in many cases, whether a consumer is going to take a large draw immediately after opening the account. Consumers themselves may not even be sure of the timing of expenses, and that is why they have applied for a line of credit rather than an installment loan. How would creditors determine when a borrower intends to take a large draw immediately after closing? Would the disclosure requirements differ based on whether customer intended to take an immediate draw or not?

Two separate disclosure-timing requirements for HELOCs would be extremely difficult for creditors to manage correctly. Administratively, determining a borrower's intent in all cases would be extremely complex, necessitating additional questions and information to be sought at the time of application, as well as additional delay.

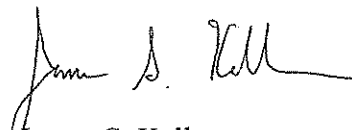
We suggest that in the event the Board determines that new or additional disclosures would be beneficial to consumers, those disclosures should be integrated into the existing HELOC disclosure requirements.

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III. Conclusion

Thank you very much for the opportunity to comment on this Proposal. We strongly recommend that the Board consider these comments in finalizing the Proposal. If you would like to discuss any aspect of this letter, please do not hesitate to call me.

Sincerely,



James S. Keller

cc: Michael D. Coldwell
Federal Reserve Bank of Cleveland

Kathleen A. Flannery
Melinda B. Turici
The PNC Financial Services Group, Inc.